

Message Text

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21/43

ACTION NEA-16

INFO OCT-01 EUR-25 IO-14 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03

SS-20 USIA-15 AID-20 PC-10 COME-00 EB-11 LAB-06

SIL-01 A-01 OPR-02 SY-04 OC-06 CCO-00 SCCT-02 SAM-01

NIC-01 SAB-01 DOTE-00 FEA-02 TRSE-00 AGR-20 DRC-01

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----- 118476

P R 211443Z MAY 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC PRIORITY 1581

USMISSION GENEVA PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY MOSCOW PRIORITY

AMEMBASSY PARIS PRIORITY

AMEMBASSY PRAGUE PRIORITY

AMEMBASSY ROME PRIORITY

AMCONSUL BOMBAY PRIORITY

AMCONSUL CALCUTTA PRIORITY

AMCONSUL MADRAS PRIORITY

INFO AMEMBASSY ISLAMABAD

AMEMBASSY COLOMBO

AMEMBASSY KATHMANDU

LIMITED OFFICIAL USE SECTION 1 OF 2 NEW DELHI 6731

C O R R E C T E D C O P Y (TEXT SUMMARY)

E.O. 11652: N/A

TAGS: ELAB, IN

SUBJECT: NATIONAL RAILWAY STRIKE

REF: NEW DELHI 6533

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BEGIN SUMMARY: THE GOI'S EFFORTS TO BREAK THE RAILWAY STRIKE APPEAR TO HAVE SUCCEEDED. OFFICIALLY, THE STRIKE CONTINUES, AND EFFORTS BY PERSONS SYMPATHETIC TO THE STRIKERS TO GET NEGOTIATION STARTED HAVE SO FAR PRODUCED NO VISIBLE RESULTS. RAILWAYMEN ARE RETURNING TO WORK IN INCREASING NUMBERS. STRIKING UNION LEADERS ARE REPORTEDLY DIVIDED. THE MODERATES ARE RESIGNED TO DEFEAT. EXTREME ELEMENTS ARE EXHORTING THEIR FOLLOWERS TO FIGHT ON. THOUGH A NEGOTIATED SETTLEMENT MAY YET EMERGE, IT IS NOW POSSIBLE THAT THE GOI MAY PRESS FOR A RETURN TO WORK WITHOUT A SETTLEMENT. ON THE ECONOMIC SIDE, THERE HAS BEEN A DECLINE IN INDUSTRIAL OUTPUT IN SOME REGIONS OF THE COUNTRY DUE TO A SHORTAGE OF INDUSTRIAL FUELS AND RAW MATERIALS. THOUGH RAIL SERVICES ARE IMPROVING, THESE ECONOMIC DISLOCATIONS WILL PROBABLY GROW AND AGGRAVATE THE ALREADY EXISTING ILLS IN THE INDIAN ECONOMY. THE PRIME MINISTER, HOWEVER, MAY VIEW THIS AS A NECESSARY SACRIFICE. HER SUCCESSFUL DISPLAY OF TOUGHNESS, POWER AND AUTHORITY IN BREAKING THE STRIKE HAS PROBABLY SERVED TO CONFIRM ONCE AGAIN HER IMAGE AS A DECISIVE LEADER WHO IS NOT TO BE OPPOSED LIGHTLY, AN IMAGE WHICH COULD PROVE TO BE AN IMPORTANT ASSET DURING THE DIFFICULT MONTHS WHICH LIE AHEAD. END SUMMARY.

1. DESPITE CLAIMS TO THE CONTRARY FROM STRIKING RAILWAY UNION LEADERS, RAILWAYMEN AROUND THE COUNTRY ARE CONTINUING TO RETURN TO WORK IN INCREASING NUMBERS. BOTH PASSENGER AND FREIGHT SERVICES ARE ALSO ON THE UPSWING. THE PRIME MINISTER STILL INSISTS THAT NEGOTIATIONS CANNOT BEGIN UNTIL THE UNIONS END THE STRIKE. ON MAY 21, WIRE SERVICE REPORTS STATED THAT OPPOSITION PARTY LEADERS HAD TURNED TO WORKING ON A "FORMULA" TO BRING ABOUT AN "HONORABLE SETTLEMENT" WHICH WOULD THEN BE DISCUSSED "INDIVIDUALLY" WITH THE FOUR MEMBERS OF THE CABINET'S POWERFUL POLITICAL AFFAIRS COMMITTEE (WHICH IS CHAIRED BY THE PRIME MINISTER). THOUGH AN AGREEMENT MAY YET EMERGE, SENIOR LABOR PROFESSIONALS IN THE GOI SAY THAT THE PRIME MINISTER AND RAILWAY MANAGEMENT INTEND TO CONTINUE THEIR TOUGH STAND. THEY NOW SEE THE GOI POSSIBLY MAKING AN EFFORT TO BRING THE RAILWAYMEN BACK TO WORK WITHOUT A SETTLEMENT RATHER THAN MAKE ANY SIGNIFICANT CONCESSIONS. IN THE PROCESS, THE RAILWAY MANAGEMENT MAY RECONSTITUTE THE RAILWAY WORK FORCE TO IMPROVE ITS QUALITY AND DISCIPLINE. THEY EXPRESS SURPRISE AT THE SUCCESS OF THE LIMITED OFFICIAL USE

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TOUGH GOI POLICY AND THE CONTINUING LOW LEVEL OF RETALIATORY SABOTAGE AND VIOLENCE FROM STRIKERS. HOWEVER, THEY ARE ALSO CONCERNED THAT OVER THE LONG PULL THERE MAY BE MORE FRAGMENTATION OF THE RAILWAY UNIONS WHICH WILL LEND ITSELF TO INCREASED SECTIONAL RAILWAY UNREST.

2. STRIKE LEADERS SEEM TO BE DIVIDED. MORE MODERATE LEADERS, WHILE PLEASED AT THE STRIKE TURNOUT, BELIEVE THAT THE UNIONS

SHOULD ACCEPT DEFEAT AND RETURN TO WORK WHILE THEIR ORGANIZATIONS AND MEMBERSHIP SOLIDARITY ARE INTACT. THE MORE EXTREME LEADERS, INCLUDING MOST COMMUNISTS, ARE CALLING FOR A STRATEGY OF LONG-RANGE MILITANT ACTION AGAINST THE GOI. THE CPI CONTINUES TO FOLLOW A TWO-TRACK POLICY, EMPHASIZING NEGOTIATIONS (AITUC GENERAL SECRETARY DANGE) AND MILITANT RESISTANCE (LEADERS OF THE SMALL CPI RAILWAY FOLLOWING. ACCORDING TO GOI OFFICIALS, AN ORDERLY SETTLEMENT OF THE STRIKE WOULD REQUIRE FIVE TO SIX DAYS FOR RAIL SERVICE TO RETURN TO NORMALCY.

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ACTION NEA-16

INFO OCT-01 EUR-25 IO-14 ISO-00 NEAE-00 CIAE-00 DODE-00

PM-07 H-03 INR-10 L-03 NSAE-00 NSC-07 PA-04 RSC-01

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LAB-06 SIL-01 A-01 OPR-02 SY-04 OC-06 CCO-00 SCCT-02

NIC-01 SAM-01 SAB-01 DOTE-00 DRC-01 FEA-02 TRSE-00

AGR-20 /219 W

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P R 211443Z MAY 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC PRIORITY 1583

USMISSION GENEVA PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY MOSCOW PRIORITY

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3. THE ECONOMIC EFFECTS OF THE STRIKE HAVE FALLEN FAR SHORT OF THE PARALYSIS FEARED IN MANY QUARTERS WHEN THE STRIKE COMMENCED 13 DAYS AGO. ON THE OTHER HAND, CONGEN REPORTING AND PRESS CONVERGENCE INDICATE THAT THE ECONOMIC CONSEQUENCES, THOUGH IMPOSSIBLE TO MEASURE AT THIS TIME, HAVE UNDOUBTEDLY ADVERSELY AFFECTED ALREADY SERIOUSLY LAGGING INDUSTRIAL OUTPUT. THE GOI'S MAJOR EFFORT TO BUILD UP STOCKS IMMEDIATELY BEFORE THE STRIKE

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AND THE APPARENT GRADUAL UPSWING IN RAIL SERVICES HAVE NOT BEEN SUFFICIENT TO ENSURE SUFFICIENT MOVEMENT OF FUEL (COAL, FURNACE OIL) AND RAW MATERIALS TO SATISFY THE MINIMUM REQUIREMENTS OF MANY INDUSTRIAL UNITS IN SPECIFIC REGIONS OF THE COUNTRY. CONGEN CALCUTTA CITES A RELIABLE SOURCE AS STATING THAT THERE HAS BEEN VIRTUALLY NO STEEL PRODUCTION IN EASTERN INDIA SINCE MAY 3-4 WHEN THE ARRESTS OF STRIKING RAILWAY WORKERS COMMENCED. IN SOUTH INDIA, THE SHORTAGE OF FUELS TO THAT REGION'S THERMAL POWER STATIONS IS AGGRAVATING PRE-STRIKE POWER SHORTAGES AND REDUCING INDUSTRIAL OUTPUT. THOUGH INDUSTRIAL PRODUCTION SEEMS TO BE GENERALLY HOLDING UP IN THE BOMBAY-THANA INDUSTRIAL AREA, CONGEN BOMBAY REPORTS THAT LONGER-TERM ECONOMIC DISLOCATIONS IN THIS IMPORTANT INDUSTRIAL AREA COULD BE SIGNIFICANT. IN TERMS OF FOOD SUPPLIES, THE GOI HAS DONE A REASONABLY GOOD JOB IN ESTABLISHING PRIORITIES FOR THE MOVEMENT OF BASIC FOOD ITEMS TO FOOD-DEFICIT AREAS TO SUPPLEMENT THE STOCKS PILED UP PREVIOUS TO THE STRIKE. FOOD SUPPLIES IN MOST URBAN CENTERS, HOWEVER, HAVE BECOME MORE LIMITED, AND THE RISE IN FOOD PRICES, WHICH WAS UNDERWAY BEFORE THE STRIKE DUE TO A COMBINATION OF FACTORS INCLUDING THE RELUCTANCE OF FARMERS TO MARKET THEIR FOODGRAINS AT PREVAILING PRICES, HAS BEEN FURTHER AGGRAVATED.

4. COMMENT: ALL EVIDENCE INDICATES THAT THE GOI HAS DEFEATED THE RAILWAY UNIONS. WE HAVE REPORTED EARLIER THAT MRS. GANDHI PLAYED AN IMPORTANT ROLE FOR THE GOI IN ENDING THE 1960 STRIKE. THEN THE GOI EVENTUALLY AGREED TO A FACE-SAVING FORMULA AT LITTLE COST TO THE GOVERNMENT AND NEGLIGIBLE DAMAGE TO THE ECONOMY. THE ECONOMIC CONSEQUENCES OF THIS YEAR'S STRIKE, HOWEVER, COULD BE MUCH MORE SEVERE IN THE LONG RUN, PARTICULARLY IN LIGHT OF THE ALREADY ENORMOUS PROBLEMS CURRENTLY CONFRONTING THE ECONOMY THAT WILL INEVITABLY BE AGGRAVATED BY THE STRIKE. APART FROM THE ECONOMIC EFFECTS, MRS. GANDHI'S SUCCESS IN BREAKING THE STRIKE HAS DEMORALIZED THE RAILWAY UNIONS AND ILLUSTRATED THEIR IMPOTENCE IN THE FACE OF DETERMINED GOI OPPOSITION. THIS LESSON WILL NOT BE LOST ON OTHER INTEREST GROUPS IN THE COUNTRY--POLITICAL, LABOR OR ECONOMIC--WHO HAVE BEEN TREATED ONCE MORE TO A VIVID DISPLAY OF THE POWER AND AUTHORITY OF THE PRIME MINISTER. SUCH A CONFIRMATION OF HER IMAGE OF A TOUGH, DECISIVE LEADER

COULD PROVE A WELCOME ASSET TO MRS. GANDHI DURING THE DIFFICULT
MONTHS WHICH LIE AHEAD.
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5. THIS TELEGRAM REFLECTS THE EXCELLENT, EXTENSIVE REPORTING ON
THE RAILWAY STRIKE WHICH THE CONGENS HAVE BEEN PROVIDING THE
EMBASSY. MOYNIHAN

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